



Financial Planning

FEATURE ARTICLE

A Checklist for Financial Fitness

Money can be a difficult issue at any age, but financial planning is especially important for your retirement years. You will want to have enough resources to enjoy your time, and to take care of any healthcare problems or other emergencies that may arise. Of course, financial planning does not end at retirement—you need to re-evaluate your plan annually.

Fortunately, useful financial tools and other resources are available on the Internet, in books, and at the public library. A variety of professionals can also assist in financial planning. Here are some issues you should consider as you plan for and enjoy retirement.

☐ **Know What You Need.**

Saving for a long and productive life can be challenging, but you can and should do it. The first step is to determine how much money you will need each year to live comfortably. This will require a careful examination of your income, resources, and expenses. It will also require that you make decisions about the kind of lifestyle you want throughout your retirement.

☐ **Know What You Have.**

Social Security, pensions, savings accounts, IRAs—it all counts. When planning your financial future, include all sources of income. Don't forget rental property and bank certificates of deposit. Even your Savings Bonds count. Read all the statements you receive from your pension fund, Social Security, 401(k), and IRAs. If you see a mistake or inaccuracy on any statement, contact the plan administrator and have it corrected immediately.

☐ **Re-Evaluate Your Financial Plan.**

Don't "set it and forget it." A lot can happen between now and your retirement, as well as throughout your retirement years. Re-evaluate your retirement savings plan each year to stay on track. You may want to consult a professional financial or investment planner to maximize your savings potential.

☐ **Increase Your Savings.**

If you can, contribute the maximum amount to all of your eligible tax-deferred retirement savings, including your 401(k) plan and IRAs. To take full advantage of these tax benefits, you may have to adjust your spending habits or forego some unnecessary spending, such as weekly dinners out. But everything you can save during employment will pay off in the long run!

☐ **Track Your Expenses.**

Write down everything you spend for three months. Don't rely on memory (which can be unreliable), but make entries every day in your expenses journal. When you review your record, you might be surprised how much you spend on things you really do not need. All expenditures that you can cut from the "unnecessaries" can be added to your retirement fund.

☐ **Pay Off Those High-Interest Credit Cards.**

Credit cards are incredibly convenient, but carrying debt from month to month can cost you a lot of money in interest charges. Make it a priority to pay off your credit card balances every month. When you choose a credit card, look for one with a low interest rate. It can make a big difference.

☐ **Organize Your Financial Documents.**

Do you know where your insurance policies are? How about your will? Take the time to organize all your important financial documents. Keep them in a safe place. Let your family members, your legal representative, or a trusted friend know where they are located and make sure they can be accessed.

☐ **Cover Your Healthcare Costs.**

Longer life expectancies mean greater chances of medical problems during retirement. Be sure that healthcare is part of your retirement plan. Take time to review your insurance policies, so you know what is covered and what is not. You might want to purchase insurance that would pay for long-term healthcare, such as home care and care in a long-term care facility, in case you experience an extended illness. The cost of long-term healthcare insurance will depend on your age at the time of purchase, the amount of coverage you get, and other policy features. Planning ahead can save you substantial amounts in the future.

☐ **Become An Educated Investor.**

Get help from a financial professional or consider enrolling in a financial education class to better understand how to manage your money for all your retirement years. Books, magazines, Internet sites, seminars, and classes are available for the financial do-it-yourselfer. You may need to do a little research, and your local public library is a great place to start. If you decide you would rather have expert advice, a wide variety of professionals are available to help you prepare for a financially secure future.

Online Financial Resources

- Administration on Aging: www.aoa.gov
- American Savings Education Council: www.asec.org and www.choosetosave.org
- My Money.Gov: www.mymoney.gov
- Employee Benefits Security Administration, U.S. Department of Labor: www.dol.gov/ebsa
- Federal Citizen Information Center: www.pueblo.gsa.gov
- Financial Security in Later Life: www.csrees.usda.gov/nea/economics/fsll/fsll.html
- Internal Revenue Service Retirement Plans Community: www.irs.gov/retirement
- Iowa State University Cooperative Extension Retirement: Secure Your Dreams: www.extension.iastate.edu/financial/retire.html
- Social Security Administration: www.ssa.gov and www.ssa.gov/r&m1.htm
- U.S. Securities and Exchange Commission: www.sec.gov
- Women's Institute for a Secure Retirement: www.wiser.heinz.org

This fact sheet was prepared in collaboration with the American Savings Education Council.

As the Nation celebrates Older Americans Month in May, you can learn more about financial planning and other topics by visiting www.aoa.gov. The theme of Older Americans Month—"Celebrate Long-Term Living!"—highlights the goal of organizations throughout the Aging Network to help older Americans stay healthy and active longer. For information about local resources, contact the Eldercare Locator at 1-800-677-1116, or visit www.eldercare.gov.



